



D.C. REPORT OF CASH COLLECTIONS

AUGUST 2003

GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$3,075.6 million are \$168.5 million (5.8%) above collections compared to the same time last year. This YTD general fund growth is above the budgeted estimate of a 2.0 percent increase for the year. Collections for the month of August are \$313.3 million, \$44.9 million (16.7%) more than August 2002 collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$2,750.9 million are \$127.8 million (4.9%) more than YTD collections compared to the same period last year. This YTD increase is above the 1.2 percent increase budgeted for the year. Tax collections for the month of August are \$273.7 million, \$49.8 million (22.2%) above August 2002 tax collections.

COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$98.8 million (20.6%) above YTD collections for the same time last year

The YTD growth of 20.6 percent is considerably greater than the estimated growth of 11.7 percent forecasted in the revenue estimates. Real property tax collections are 24.1 percent above collections compared to the same time last year. Real property tax payments are due twice a year, the first payment was due March 31 and the second payment is due September 15. Some of the September 15 payments have begun to arrive and are included in this month's collections. The increase in YTD real property collections is mainly due to higher assessments and a higher tax rate for the new Class 3 vacant and abandoned property. The higher assessments in turn are for the most part due to the ending of triennial for Tri-group 2. To a lesser extent, a portion of this increase in collections is due to late FY 2002 bills being paid in FY 2003. Personal property tax collections and public space rental collections have annual due dates of July 31 and it appears that most if not all payments for these two taxes have been received. However, public space rental collections are 2.1 percent below collections compared to the same time last year and improvement over last month's 10.0 percent drop.

General Sales and Use Tax Collections

- \$20.7 million (3.4%) above YTD collections for the same time last year

The YTD increase of 3.4 percent is below the estimated 5.8 percent growth forecasted in the revenue estimates. Monthly collections for August 2003 are 6.4 percent above August 2002 collections. This may be the result of an increase in nationwide retail sales reported by the Department of Commerce as well as an increase in tourism due to the opening of the new Washington Convention Center.

The Convention Center transfer comprises a portion of sales tax collections for restaurants and hotel accommodations and is thus a measure of tourist-related tax revenues. YTD transfer collections are 9.3 percent above collections compared to the same time last year. The Convention Center Transfer

increased by 15.1 percent for the month of August. This increase may be attributed to large conventions held at the new Washington Convention Center.

Selected Sales and Use Tax Collections

- \$7.9 million (16.2%) above YTD collections for the same time last year

YTD alcoholic beverage collections are 2.9 percent below collections compared to the same time last year. This revenue source has been declining for years perhaps due to greater focus on curbing alcohol consumption. YTD cigarette tax collections are 28.4 percent above collections compared to the same time last year. The increase is almost certainly due to the increase in the cigarette tax rate, which took effect in January 2003. YTD Motor vehicle excise tax collections are 12.8 percent above the same time last year. This may be attributed to dealer incentives and growth in consumer confidence in recent months.

Individual Income Tax Collections

- \$41.0 million (4.7%) below YTD collections for the same time last year

YTD individual income tax collections show a decline of 4.7 percent compared to a 2.6 percent decline forecasted in the revenue estimates. However, the comparison with FY 2002 is distorted by \$18.5 million of FY 2001 withholding income tax revenue that ended up as FY 2002 cash because of mail delays after the events of 9/11. When the adjustment is made to FY 2002 cash, the decline in YTD individual income tax collections is only 2.6 percent. Monthly individual income tax collections are \$12.4 million above August 2002 collections. By components:

Withholdings: August YTD withholdings collections are 1.0 percent above YTD August 2002 withholding collections. As noted above, the comparison with FY 2002 is distorted by \$18.5 million. When the adjustment is made, August YTD withholding collections actually grew by 3.6 percent.

Declarations: August YTD declarations (estimated payments) are 15.8 percent below YTD August 2002 declarations. Declarations are collected quarterly. Declarations filing dates are January 15th, April 15th, June 15th and September 15th. The August YTD collections include three declarations payments for FY2003.

Payments: August YTD final payments with returns are 9.7 percent below YTD August 2002 payments. Final payments are due in April yet some payments are received after the due date. Some also receive an extension until September.

Fiduciary: August YTD fiduciary collections are 69.7 percent below YTD August 2002 fiduciary collections.

Refunds: August YTD refunds are 3.7 percent above YTD August 2002 refunds.

Corporate Franchise Tax Collections

- \$10.2 million (11.3%) above YTD collections for the same time last year

The YTD increase of 11.3 percent shown in the cash collections report is significantly more than the estimated 3.9 percent decline forecasted in the revenue estimates. However, the comparison with FY 2002 is distorted by \$20.3 million in net operating loss (NOL) refunds that were paid out of FY 2002 cash but which were properly accounted for as a reduction in FY 2001 revenue, the fiscal year of the court action that resulted in the refunds. When this adjustment is made to the FY 2002 cash, the YTD corporate tax collections actually declined by 9.2 percent, significantly below the forecasted 3.9 percent decline. Monthly August collections are 48.3 percent above August 2002 collections. Monthly declarations are down 61.5 percent while payments are growing by 44.3 percent. Refunds in August 2003 are 58.7

percent below refunds for the month of August 2002 compared to a 40.6 percent increase in refunds for the month of July 2003.

Declarations: YTD declarations (estimated payments) are 7.3 percent below YTD declarations compared to the same time last year.

Payments: YTD payments with returns are 6.1 percent below YTD August 2002 payments.

Refunds: YTD refunds are 33.1 percent below YTD August 2002 refunds.

Unincorporated Franchise Tax Collections

- \$17.7 million (36.9%) above YTD collections for the same time last year

The YTD increase of 36.9 percent shown in the cash collections report is significantly more than the estimated 6.9 percent decline forecasted in the revenue estimates. As with the corporate tax collections, the comparison with FY 2002 is distorted by \$2.8 million in NOL refunds that were paid out of FY 2002 cash but which is properly accounted for as a reduction in FY 2001 revenue. When this adjustment is made to the FY 2002 cash, the YTD growth rate for the unincorporated business tax collections is 29.3 percent. Monthly collections are 76.6 percent below collections compared to the same time last year. August's relatively low collections are primarily the result of very low payments. Payments were only \$0.6 million in August 2003 compared to \$4.7 million in August 2002. By components:

Declarations: YTD declarations are 7.7 percent below YTD August 2002 declarations.

Payments: YTD payments are 28.5 percent above the same period last year.

Refunds: YTD refunds are 58.2 percent below refunds for the same time last year.

Gross Receipts Tax Collections

- 26.2 million (12.3%) above YTD collections for the same time last year

The YTD increase of 12.3 percent is ahead of the estimated 8.2 percent growth forecasted in the revenue estimates. YTD public utilities collections are 19.5 percent above collections compared to the same time last year. This is the result of increased collections due to the unusually cold temperatures experienced in Washington this last winter. Also, effective January 1, 2003 public utility tax rates increased from 10 percent to 11 percent as part of the Mayor's efforts to avert a potential shortfall in the District's FY 2003 budget.

YTD toll telecommunication tax collections are 8.8 percent below collections compared to the same time last year. While rates for this tax also increased from 10 percent to 11 percent effective January 2003, long-distance providers are suffering from growth of the wireless industry, which now includes inexpensive long-distance calling plans as part of the standard features. Yet, while the wireless industry is growing, it is seeing slowing subscriber growth after years of rapid gain. Thus, revenues in this industry are steadily declining.

Insurance premium payments YTD collections are 16.6% above YTD collections for the same time last year. Collections from this source continue to grow as premiums increase due to national security and terrorism concerns. Insurance premium payments are due in March and June.

Other Tax Collections

- \$12.7 million (4.9%) below YTD collections for the same time last year

The YTD decline of 4.9 percent is better than the estimated 27.6 percent decline forecasted in the revenue estimates. YTD estate tax collections are 76.2 percent below collections compared to the same

time last year. The decrease in YTD collections can be attributed to the fact that by the same time last year the District received approximately \$22 million from several large estate taxpayers. This year the District has yet to receive a comparably large estate tax payment.

YTD deed recordation taxes are 58.8 percent above collections compared to the same time last year and deed transfer tax collections are 61.9 percent above collections compared to the same time last year. The tax rate increases in the deed recordation and transfer taxes as well as the significant level of real estate activity have caused deed tax collections to remain ahead of last year. The District continues to remain a safe haven for investors since the stock market and other investment opportunities are weak.

YTD economic interest collections are 41.5 percent below collections compared to the same time last year. This is an unstable and unpredictable tax throughout the year, and zero to minimal collections in any given month is quite common. While YTD collections are still behind that of the same time last year, collections are above the estimate by \$700k.

TOTAL NON-TAX COLLECTIONS

YTD total non-tax collections of \$241.7 million are \$16.1 million (7.1%) above YTD collections for the same time last year. This YTD increase is significantly better than the 6.1% decrease budgeted for the year. Non-tax collections for the month of August are \$19.7 million, \$19.4 million (49.6%) below August 2002 tax collections.

NON-TAX COLLECTIONS BY SOURCE

Licenses and Permits

YTD licenses and permits are 34.0 percent above collections compared to the same time last year. Monthly collections are 11.9 percent above August 2002 collections. The increase is due to higher collections from motor vehicle fees as a result of fee increases that went into effect in January 2003.

Fines and Forfeitures

YTD fines and forfeitures collections are 3.3 percent above collections compared to the same time last year. Monthly collections are 19.2 percent above August 2002 collections.

Charges for Services

YTD charges for services collections are 15.7 percent below collections compared to the same time last year. Monthly collections are \$16.3 million (80.5%) below monthly collections compared to August 2002. Right-of-way fees are no longer included in the general fund but are now dedicated to the Highway Trust Fund resulting in a decline in "Other Charges" revenue.

Miscellaneous

YTD miscellaneous revenue collections are 13.3 percent above collections compared to the same time last year. Monthly collections are 56.2 percent below monthly collections for August 2002. The decrease in collections is due to lower collections from interest income, unclaimed property, and Department of Corrections reimbursements from the US Marshals.